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Council of Maritime Premiers

Financial Statements

March 31, 1987

Released as a supplement to the 1986-87 Annual Report of the Council of Maritime Premiers.

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AUDITORS' REPORT

To: The Honourable Chairman
and Honourable Members
Council of Maritime Premiers

We have examined the consolidated fund balance sheet of the Council of Maritime Premiers as at March 31, 1987 and the statements of consolidated fund revenue, expenditure and operating surplus, equity in wholly-owned subsidiary, and the related schedules for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Council as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Halifax, Nova Scotia
August 10, 1987

Doane Raymond
Chartered Accountants

COUNCIL OF MARITIME PREMIERS

CONSOLIDATED FUND BALANCE SHEET

MARCH 31, 1987

	1987	1986
ASSETS		
Cash and deposits	$ 4,209,675	$ 4,789,361
Receivables (Note 4)	572,296	435,589
MPHEC grants receivable (Note 5)	8,345,542	5,856,318
Investment in wholly-owned subsidiary (Note 6)	431,719	834,820
	$13,559,232	$11,916,088
LIABILITIES		
Payables and accruals (Note 7)	$ 655,209	$ 898,992
MPHEC operating and capital assistance payable	6,599,782	5,435,631
	7,254,991	6,334,623
Reserve for MPHEC university grant commitments	5,010,186	3,861,596
	12,265,177	10,196,219
EQUITY		
Operating surplus	862,336	885,049
Equity in wholly-owned subsidiary	431,719	834,820
	1,294,055	1,719,869
	$13,559,232	$11,916,088

Contingent liabilities and commitments (Note 9)

ON BEHALF OF THE COUNCIL:

Richard Hatfield
Chairman

Secretary

COUNCIL OF MARITIME PREMIERS

STATEMENT OF CONSOLIDATED FUND REVENUE, EXPENDITURE AND OPERATING SURPLUS

YEAR ENDED MARCH 31, 1987

	1987 Budget	1987 Actual	1986 Actual
Revenue			
Province of New Brunswick	$ 4,907,700	$ 4,907,700	$ 4,943,200
Province of Nova Scotia	4,542,900	4,542,900	5,050,000
Province of Prince Edward Island	552,700	552,700	583,600
Other	1,345,600	1,738,500	1,488,014
	11,348,900	11,741,800	12,064,814
Expenditure			
Council Secretariat	1,133,600	1,176,581	1,229,524
Land Registration and Information Service	8,404,000	8,449,093	8,479,273
Maritime Municipal Training and Development Board	279,600	299,861	254,483
Maritime Provinces Education Foundation (MPEF) - grant	272,500	272,476	281,626
Maritime Provinces Higher Education Commission - administration	559,000	446,504	679,037
MRMS Maritime Resource Management Service Inc. - regional projects	450,000	450,000	500,000
	11,098,700	11,094,515	11,423,943
Excess of revenue over expenditure	250,200	647,285	640,871
Operating surplus, beginning of year	735,900	885,049	863,963
Appropriated to operations	(570,700)	(669,998)	(619,785)
Operating surplus, end of year	$ 415,400	$ 862,336	$ 885,049

COUNCIL OF MARITIME PREMIERS

STATEMENT OF CONSOLIDATED FUND EQUITY IN WHOLLY-OWNED SUBSIDIARY

YEAR ENDED MARCH 31, 1987

	1987	1986
Beginning of year	$ 834,820	$ 943,664
Operating loss of subsidiary	(403,101)	(108,844)
End of year	$ 431,719	$ 834,820

COUNCIL OF MARITIME PREMIERS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1987

1. Operating agreements

The Council of Maritime Premiers has entered into agreements with the Provinces of New Brunswick, Nova Scotia and Prince Edward Island whereby:

(a) The Land Registration and Information Service is to carry out:

(i) the emplacement and maintenance of a co-ordinate system of control surveys,
(ii) the production of aerial photography, the production and revision of large scale maps, the production of property maps, the establishment and maintenance of a parcel index file,
(iii) the provision of assistance in the implementation of an improved system of land registration, and
(iv) the provision of such other services as are agreed upon by the Provinces and the Council of Maritime Premiers.

(b) The Maritime Municipal Training and Development Board is to assist the municipalities, the provinces, training institutions, and other organizations in the Maritime region to improve municipal government administrative capability.

2. Summary of significant accounting policies

(a) Combination

These financial statements include the combined accounts of the Council Secretariat, the Land Registration and Information Service (LRIS), the Maritime Provinces Higher Education Commission (MPHEC), and the Maritime Municipal Training and Development Board (MMTDB).
Separate audited financial statements provide more detailed financial information in relation to LRIS, MPHEC and MMTDB.

(b) Investment in wholly-owned subsidiary

The investment in the wholly-owned subsidiary, MRMS Maritime Resource Management Service Inc., is accounted for under the equity method by which the original cost is adjusted for the earnings or losses less dividends received. The income of the subsidiary is determined in accordance with generally accepted accounting principles prescribed for commercial enterprises, and separate audited financial statements have been prepared for the subsidiary. The operating loss of the subsidiary does not form part of the excess of revenue over expenditure or operating surplus of the Council, but rather is allocated to the separate equity account, equity in wholly-owned subsidiary.

(c) Capitalization and depreciation

Equipment, leases, and leasehold improvements are recorded as operating expenditures in the year of acquisition.

COUNCIL OF MARITIME PREMIERS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1987

2. Summary of significant accounting policies (continued)

(d) Revenue recognition

Revenue from fixed price contracts is recorded on a percentage of completion basis. Revenue from other projects is recorded in amounts equal to the accumulated charges against the respective projects less any estimated unrecoverable amounts.

(e) Inventory

Materials and supplies are treated as expenditures in the year of acquisition.

(f) Equity

(i) Operating surplus

The Council of Maritime Premiers may appropriate a portion of the accumulated operating surplus as revenue for the succeeding year.

(ii) Equity in wholly-owned subsidiary

Equity in wholly-owned subsidiary represents provincial contributions received in prior years to enable the Council of Maritime Premiers to acquire the investment in the 100%-owned subsidiary MRMS Maritime Resource Management Service Inc. The equity account includes the operating income (loss) of the subsidiary.

3. Funding

The provincial contributions for MMTDB, MPHEC administrative costs, MRMS Maritime Resource Management Service Inc., and the Secretariat are based upon the population of each member province. This per capita formula results in the following rates:

	1987	1986
Province of New Brunswick	41.8%	41.8%
Province of Nova Scotia	50.9%	50.9%
Province of Prince Edward Island	7.3%	7.3%

The Council, at its June 7, 1982 meeting, changed the funding for LRIS to reflect the relative services provided to each province.

Provincial contributions for post-secondary education assistance are in accordance with the existing regional funding formula. Each province provides grants to institutions within its borders and makes contributions to the other two provinces in respect of students from that province studying in university programmes not offered in the province of residence.

COUNCIL OF MARITIME PREMIERS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1987

4. Receivables

	1987	1986
LRIS projects	$ 107,663	$ 127,587
Other	464,633	308,002
	$ 572,296	$ 435,589

5. MPHEC grants receivable

	1987	1986
Province of New Brunswick	$6,065,129	$3,322,076
Province of Nova Scotia	916,831	649,329
Province of Prince Edward Island	748,915	528,032
Government of Canada	614,667	1,356,881
	$8,345,542	$5,856,318

6. Investment in wholly-owned subsidiary

Effective April 1, 1983 the net assets of the former agency, Maritime Resource Management Service, in the amount of $1,199,432 were transferred to MRMS Maritime Resource Management Service Inc. in exchange for 100% of the outstanding capital stock of the corporation.

Investment - shares, at cost	$1,199,432
Income (loss) since acquisition	
1984	(469,508)
1985	213,740
1986	(108,844)
1987	(403,101)
Investment - shares, at equity	$ 431,719

7. Payables and accruals

	1987	1986
MRMS Maritime Resource Management Service Inc.	$	$ 45,929
Other	655,209	853,063
	$ 655,209	$ 898,992

COUNCIL OF MARITIME PREMIERS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1987

8. Maritime Provinces Higher Education Acts

In accordance with the Maritime Provinces Higher Education Commission Acts (Section 18, New Brunswick and Prince Edward Island; Section 19, Nova Scotia), the Provinces have the option of paying grants to the institutions, either directly or through the Commission. Consequently, the Consolidated Fund accounts of the Council and the separate accounts of the Maritime Provinces Higher Education Commission do not include operating grants of $166,774,621, (1986-$161,387,712) and capital grants of $8,281,682, (1986-$8,639,421) administered and disbursed directly by the Province of Nova Scotia to institutions within the Province.

9. Contingent liabilities and commitments

(a) Leases

Future annual lease commitments as at March 31, 1987, of which a large portion are for office facilities and equipment, are as follows:

Years ending March 31,	1988	$ 692,000
	1989	504,000
	1990	386,000
	1991	287,000
	1992	178,000
Subsequent to 1992		175,000
		$2,222,000

(b) Pension

The latest actuarial valuation of the pension plan reported on at December 31, 1986 disclosed that benefits relating to current and prior years' service have been fully funded.

(c) Reserve for MPHEC university grant commitments

The Maritime Provinces Higher Education Commission is contingently liable for the payment of approved restricted operating and capital assistance to institutions.

	Restricted Operating	Capital
Province of New Brunswick	$1,011,533	$2,290,391
Province of Nova Scotia		$ 207,389
Province of Prince Edward Island	$1,171,068	$ 93,654

COUNCIL OF MARITIME PREMIERS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1987

(d) Loan guarantee

At March 31, 1987, the Council of Maritime Premiers had guaranteed a line of credit for MRMS Maritime Resource Management Service Inc. in the amount of $1,200,000, against which bank indebtedness aggregated $918,000.

10. Provincial equity allocation

(a) Operating surplus

Operating surplus has been allocated as follows:

(i) Transfers from surplus have been allocated as determined by Regional Treasury Board, and

(ii) The excess of revenue over expenditure, with the exception of LRIS, has been determined on a per capita basis as approved in the May 25, 1971 founding agreement. The LRIS excess of revenue over expenditure has been determined in accordance with the cost-sharing agreement approved by the Council of Maritime Premiers on June 7, 1982, and as determined by the LRIS Board of Directors.

(b) Equity in wholly-owned subsidiary

Equity in wholly-owned subsidiary has been allocated as follows:

(i) Provincial contributions plus amounts transferred from operating surplus as determined by the Regional Treasury Board.

(ii) Operating income (loss) of subsidiary determined on a per capita basis as approved in the May 25, 1971 founding agreement.

COUNCIL OF MARITIME PREMIERS

SCHEDULE OF CONSOLIDATED FUND REVENUE

YEAR ENDED MARCH 31, 1987

	1987 Budget	1987 Actual	1986 Actual
Province of New Brunswick			
Council Secretariat	$ 473,800	$ 473,800	$ 515,400
LRIS	3,876,200	3,876,200	3,829,000
MMTDB	114,300	114,300	104,200
MPEF	21,600	21,600	26,000
MPHEC - Administration	233,700	233,700	259,600
MRMS Maritime Resource Management Service Inc.	188,100	188,100	209,000
	4,907,700	4,907,700	4,943,200
Province of Nova Scotia			
Council Secretariat	577,000	577,000	627,600
LRIS	3,286,800	3,286,800	3,693,300
MMTDB	139,200	139,200	126,900
MPEF	26,400	26,400	31,600
MPHEC - Administration	284,500	284,500	316,100
MRMS Maritime Resource Management Service Inc.	229,000	229,000	254,500
	4,542,900	4,542,900	5,050,000
Province of Prince Edward Island			
Council Secretariat	82,800	82,800	90,000
LRIS	372,400	372,400	389,100
MMTDB	20,000	20,000	18,200
MPEF	3,800	3,800	4,500
MPHEC - Administration	40,800	40,800	45,300
MRMS Maritime Resource Management Service Inc.	32,900	32,900	36,500
	552,700	552,700	583,600
Total Provincial contributions	10,003,300	10,003,300	10,576,800
Other			
Surplus appropriation	570,700	669,998	619,785
LRIS - Recoveries	518,600	721,975	544,246
MMTDB - Recoveries	6,100	23,474	3,423
Secretariat - Recoveries	200	170	43
Interest revenue	250,000	322,883	320,517
	1,345,600	1,738,500	1,488,014
	$11,348,900	$11,741,800	$12,064,814

COUNCIL OF MARITIME PREMIERS

SCHEDULE OF CONSOLIDATED FUND EXPENDITURE

YEAR ENDED MARCH 31, 1987

	1987 Budget	1987 Actual	1986 Actual
Council Secretariat			
Personnel services	$ 696,000	$ 694,828	$ 705,675
Other services	298,800	278,627	317,073
Materials and supplies	29,700	37,059	33,489
Equipment	3,500	9,635	6,197
Grants	26,000	24,054	73,900
Projects	79,600	132,378	93,190
	$1,133,600	$1,176,581	$1,229,524
Land Registration and Information Service			
Personnel services	$5,378,500	$5,399,266	$5,252,747
Other services	1,784,900	1,855,317	1,906,735
Materials and supplies	329,900	362,233	399,409
Equipment	37,500	324,608	179,015
Projects	873,200	507,669	741,367
	$8,404,000	$8,449,093	$8,479,273
Maritime Municipal Training and Development Board			
Personnel services	$ 4,500	$ 3,464	$ 3,210
Other services	191,700	183,468	186,151
Materials and supplies	10,500	19,993	10,721
Projects	72,900	92,936	54,401
	$ 279,600	$ 299,861	$ 254,483
Maritime Provinces Higher Education Commission - Administration			
Personnel services	$ 371,500	$ 285,661	$ 337,792
Other services	138,800	118,703	130,281
Materials and supplies	14,700	14,121	19,625
Equipment	14,000	11,535	6,451
Projects	20,000	16,484	184,888
	$ 559,000	$ 446,504	$ 679,037

COUNCIL OF MARITIME PREMIERS

SCHEDULE OF CONSOLIDATED FUND EQUITY ALLOCATION

YEAR ENDED MARCH 31, 1987

	1987				1986
	New Brunswick	Nova Scotia	Prince Edward Island	Total	Total
Operating surplus (Note 10)					
Beginning of year	$405,023	$356,069	$123,957	$ 885,049	$ 863,963
Appropriated to operations					
Council Secretariat	(23,784)	(28,962)	(4,154)	(56,900)	
LRIS	(213,591)	(84,485)	(91,245)	(389,321)	(282,948)
MMTDB	(1,286)	(1,566)	(225)	(3,077)	(4,837)
MPEF	(92,253)	(112,336)	(16,111)	(220,700)	(252,000)
MPHEC					(80,000)
	(330,914)	(227,349)	(111,735)	(669,998)	(619,785)
Excess of revenue over expenditure					
Consolidated Fund Interest	134,965	164,347	23,571	322,883	320,517
Council Secretariat	5,889	7,172	1,028	14,089	3,519
LRIS	70,685	27,708	99,210	197,603	259,321
MMTDB	79	97	14	190	3,077
MPEF	10	12	2	24	32,474
MPHEC	47,024	57,260	8,212	112,496	21,963
	258,652	256,596	132,037	647,285	640,871
End of year	332,761	385,316	144,259	862,336	885,049
Equity in wholly-owned subsidiary (Note 10)					
Beginning of year	348,954	424,923	60,943	834,820	943,664
Operating loss of subsidiary	(168,496)	(205,178)	(29,427)	(403,101)	(108,844)
End of year	180,458	219,745	31,516	431,719	834,820
Total equity	$513,219	$605,061	$175,775	$1,294,055	$1,719,869

COUNCIL OF MARITIME PREMIERS
MARITIME PROVINCES HIGHER EDUCATION COMMISSION
SCHEDULE OF GRANTS
YEAR ENDED MARCH 31, 1987

	1987	1986
Revenue (Note 8)		
Unrestricted operating		
Province of New Brunswick	$104,970,800	$ 98,903,200
Province of Nova Scotia	33,550	29,500
Province of Prince Edward Island	20,111,550	18,529,800
	125,115,900	117,462,500
Restricted operating		
Province of New Brunswick	4,313,200	4,100,000
Province of Prince Edward Island	739,650	700,000
	5,052,850	4,800,000
Capital		
Province of New Brunswick	9,117,500	3,685,000
Province of Nova Scotia	1,884,412	1,963,136
Province of Prince Edward Island	250,000	153,100
	11,251,912	5,801,236
Other	9,784,048	7,227,295
	151,204,710	135,291,031
Expenditure		
Unrestricted operating grants		
Province of New Brunswick		
- institutions	97,784,183	93,359,160
- interprovincial transfers	7,076,402	5,604,724
	104,860,585	98,963,884
Province of Prince Edward Island		
- institutions	15,647,790	14,537,040
- interprovincial transfers	4,466,300	4,127,100
	20,114,090	18,664,140
Restricted operating grants		
Province of New Brunswick		
- institutions	3,561,980	3,940,669
Province of Prince Edward Island		
- institutions	610,750	348,657
Capital grants		
Province of New Brunswick	8,851,910	5,657,952
Province of Nova Scotia	1,677,023	1,963,136
Province of Prince Edward Island	240,129	281,096
	10,769,062	7,902,184
Grants for joint projects	367,930	419,606
Other	9,771,723	7,203,225
	150,056,120	137,442,365
Excess of revenue over expenditure (expenditure over revenue)	1,148,590	(2,151,334)
Reserve for MPHEC university grant commitments, beginning of year	3,861,596	6,012,930
Reserve for MPHEC university grant commitments, end of year	$ 5,010,186	$ 3,861,596